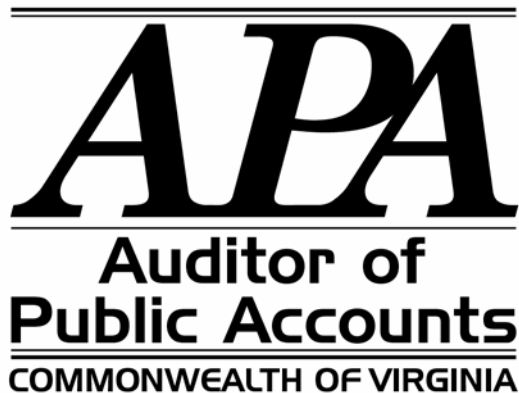


**PATRICK HENRY
COMMUNITY COLLEGE**

**REPORT ON REVIEW
FOR THE YEAR ENDED
JUNE 30, 2006**





Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

February 12, 2007

Dr. Max Wingett, President
Patrick Henry Community College
P.O. Box 5311
Martinsville, VA 24115

Dear Dr. Wingett:

We have reviewed the accompanying Statement of Net Assets of **Patrick Henry Community College** as of June 30, 2006, and the related statement of Revenues, Expenses, and Changes in Net Assets for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the college.

A review consists principally of inquiries of college personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

This letter is intended solely for the information and use of the accreditation review board and is not intended to be and should not be used by anyone other than this specified party. However, this letter is a matter of public record and its distribution is not limited.

Sincerely,

Walter J. Kucharski
Auditor of Public Accounts

WJK/sks

Enclosure

PATRICK HENRY COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
As of June 30, 2006

		Component Unit	
		Community College	Patrick Henry Community College Foundation
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,006,889	\$ 279,685	
Accounts receivable	135,328	-	
Pledges receivable	-	6,287	
Due from system office	18,494	-	
Inventories	3,171	-	
Notes receivable	10,970	-	
Total current assets	1,174,852	285,972	
Non-current assets:			
Restricted cash and cash equivalents	352,880	-	
Cash with trustees	187,570	-	
Endowment investments	-	5,565,026	
Other long-term investments	-	4,313,917	
Pledges receivable	-	15,635	
Non-depreciable capital assets, net	1,043,886	-	
Depreciable capital assets, net	9,102,765	-	
Total non-current assets	10,687,101	9,894,578	
Total assets	11,861,953	10,180,550	
LIABILITIES			
Current liabilities:			
Accounts and retainage payable	92,116	3,195	
Accrued payroll expense	206,107	-	
Deferred revenue	307,957	-	
Long-term liabilities-current portion	317,614	-	
Due to Commonwealth	500	-	
Deposits	119,803	-	
Total current liabilities	1,044,097	3,195	
Non-current liabilities:			
Long-term liabilities	836,996	-	
Total liabilities	1,881,093	3,195	
NET ASSETS			
Invested in capital assets, net of related debt	9,800,235	-	
Restricted for:			
Non-expendable	-	6,165,602	
Expendable	323,040	2,363,113	
Unrestricted	(142,415)	1,648,640	
Total net assets	\$ 9,980,860	\$ 10,177,355	

See Auditor of Public Accounts' Review Report

PATRICK HENRY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2006

		Component Unit
	Community College	Patrick Henry Community College Foundation
Operating revenue:		
Tuition and fees (net of scholarship allowance of \$1,559,816)	\$ 2,372,465	\$ -
Federal grants and contracts	4,495,861	-
State and local grants	127,769	-
Non-governmental grants	76,245	481,489
Sales/services of education department	28,082	-
Auxiliary enterprises (net of scholarship allowance of \$10,086)	18,724	-
Gifts and contributions	-	238,271
Endowment income	-	288,194
Other operating revenues	171,634	-
Total operating revenue	7,290,780	1,007,954
Operating expenses:		
Instruction	7,559,769	-
Public service	44,525	-
Academic support	1,973,255	195,915
Student services	1,055,037	-
Institutional support	2,682,921	581,903
Operation and maintenance	1,556,421	166,981
Scholarships and fellowships	2,180,537	-
Auxiliary enterprises	28,290	-
Fundraising	-	3,053
Other expenses	(1,963)	-
Total operating expenses	17,078,792	947,852
Operating income (loss)	(9,788,012)	60,102
Non-operating revenues/(expenses)		
State appropriations	9,179,577	-
Local appropriations	108,519	-
Grants and gifts	124,396	-
Investment income	37,348	527,937
Interest on capital asset related debt	(21,065)	-
Other non-operating revenue/(expense)	(699)	-
Local appropriation transfer		
Net non-operating revenue	9,428,076	527,937
Income/(loss) before other revenues, expenses, gains, or losses	(359,936)	588,039
Capital gifts, grants and contracts	234,425	-
Additions to permanent and term endowments	-	438,012
Increase in net assets	(125,511)	1,026,051
Net assets - beginning of year	10,106,371	9,151,304
Net assets - end of year	\$ 9,980,860	\$ 10,177,355

See Auditor of Public Accounts' Review Report